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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 004379

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SUBJECT: KREMLIN TO ASSESS "EFFECTIVENESS" OF GOVERNORS

Classified By: PolCouns Alice G. Wells for reason 1.4(b and d).

¶1. (C) SUMMARY: This week, all governors were obligated by a June 18 law to turn in a statistical report accounting for 2006 on a host of economic, social, and administrative metrics to a commission headed by Sergey Sobyenin, the chief of the Presidential Administration. This new policy, requiring regional governors to provide annual data as a means to judge the relative "effectiveness" of their rule, is contributing to considerable consternation among the political class, particularly as several important regional leaders have lost their positions this year. Rumors of an impending "purge" of regional elites, such as a report by Nezavisimaya Gazeta that 17 governors will lose their positions, have only fueled speculation about the Kremlin's intentions. Embassy intends to delve deeper into this issue during regional trips this fall. END SUMMARY.

Get out your green eyeshades

¶2. (U) On 18 June, President Putin signed into law an order "on assessing the effectiveness of the activities of the organs of executive power of the subjects of the Russian Federation" that gave authority to Sobyenin's Presidential Commission for Questions on Improving Government Administration and Justice to organize the collection of information and present it to the President. The initial list of required information included 43 "core" categories and was followed by an additional list of 39 "additional" requirements. The law required the regions to provide an accounting for 2006 by September 1 and then for 2007 in May ¶2008.

¶3. (U) The core categories are diverse and require data on a range of social, economic, and administrative metrics. In addition to information on gross regional production, mortality statistics, and unemployment figures, the law also requires a range of reports on education, housing (including the number of homes provided with drinking water and the number living in multi-family dwellings), crime, and medical care. (The full list is available on the Russian Presidential Website, www.kremlin.ru.)

¶4. (U) In an interview for RBC Daily, Duma Deputy and member of Sobyenin's commission Vladimir Pligin said that the criteria are a means to establish a detailed picture of the capabilities of the region and dynamic of its development. More broadly, Pligin suggested that the new reporting would help to establish a "contract" system for hiring governors -- those that achieve particular goals of development would be able to continue in their position.

New Requirements Stoke Concern about Regional Elites

14. (U) The implementation of the law takes place in an environment of uncertainty among the political class, particularly about the fate of governors. In 2007, almost as many governors have lost their place as had been replaced in the two years since Putin pushed through changes that made the selection of regional leaders the choice of the President instead of through elections. The "voluntary" resignation of Samara Governor Konstantin Titov and his replacement by Autovaz President Vladimir Artyakov creates the opportunity for the clan surrounding Rosoboroneksport (which controls Autovaz) to gain control over an important and growing region. The speed in which this change took place caught many off guard and follows the removal of the Governors of Novgorod and Sakhalin Oblasts earlier this year.

15. (C) Dmitriy Badovskiy of the Institute for Social Systems told Embassy that he links the new law to a broader campaign to break the power of regional elites. Noting that regional elites played a critical role in previous elections, he sees the center as taking steps to insure that they pose no threat to the current system. According to Badovskiy, those that are the most threatened in these conditions are the governors who are incompetent, unable (or unwilling) to use administrative resources to bolster the showing of the Kremlin-backed United Russia party, or in some way are an embarrassment to the regime.

16. (C) COMMENT: It remains to be seen how the Kremlin will use the information accrued through the new law. On one hand, the Putin administration may have genuine frustrations with regional elites, some of whom are either incompetent or incapable of carrying out Moscow's agenda. Having a basis of comparison could certainly help the Kremlin to provide evidence of particular failings or bring pressure to bear to

MOSCOW 00004379 002 OF 002

take a more active role in supporting programs such as the national projects. On the other hand, there are concerns that these reports will provide justification for a new round of dismissals, in part to help shape the coming Duma and Presidential elections, in part to set in place a full cadre of regional elites beholden to Putin as some political insurance when he leaves office in 2008. Embassy will continue to monitor these developments and looks to investigate regional responses during a round of pre-election visits across Russia, including to Samara, Lipetsk, and Ulan Ude. END COMMENT.
Burns